

Message Text

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15

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/111 W

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R 170620Z FEB 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 7508

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

AMEMBASSY MANILA

AMEMBASSY OTTAWA

USMISSION OECD PARIS

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

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GENEVA PASS TSB

E.O. 11652: N/A

TAGS: ETRD, GATT, MTN, AS

SUBJECT: TEXTILES: AUSTRALIA LIFTS SELECTIVE CONTROLS, IMPOSES
GLOBAL QUOTAS ON KNITTED TOPS

1. SUMMARY. AUSTRALIA IS LIFTING ITS BILATERAL (I.E
COUNTRY QUOTA) IMPORT RESTRICTIONS ON KNITTED TOPS
FROM CHINA, THE PHILIPPINES, SINGAPORE, THAILAND AND
TAIWAN. THESE AND OTHER ITEMS STILL SUBJECT
TO COUNTRY QUOTAS ARE BEING REFERRED TO TEXTILES
AUTHORITY FOR FURTHER INQUIRY AS TO NEEDS FOR FINAL
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PROTECTION AND REPORT WITHIN SIXTY DAYS. GOA

REQUESTS USG SUPPORT IN "COOLING" SEVERE CRITICISM
EXPECTED FROM SOME COUNTRIES. END SUMMARY.

2. FIRST ASSISTANT SECRETARY FOR INTERNATIONAL
ORGANIZATIONS IN DEPARTMENT OF OVERSEAS TRADE, JACK
FOGARTY, ON FEBRUARY 17 REQUESTED E/C COUNSELOR TO
CALL TO DISCUSS NEW MEASURES TO BE ANNOUNCED 2:00 A.M.
FEBRUARY 17 WASHINGTON DC TIME ON SOME APPAREL ITEMS
HERETOFORE RESTRICTED ON SELECTIVE COUNTRY-BY-COUNTRY
BASIS. HE SAID AUSTRALIAN TRADE MINISTER SMITH IN
WASHINGTON INSTRUCTED TO MAKE PARALLEL DEMARCHE TO
STR AND TO DELIVER TEXT OF JOINT STATEMENT BY DEPRIMIN
ANTHONY AND MINISTER FOR INDUSTRY AND COMMERCE COTTON
ON THIS SUBJECT.

3. AFTER REVIEWING HISTORY OF AUSTRALIAN EFFORTS TO
CORRECT DISRUPTION HE SAID HAD OCCURRED IN TEXTILE
INDUSTRY OVER PAST TWO YEARS FOGARTY SAID GOA HAD
CONCLUDED THAT BILATERAL MEASURES TAKEN HAD NOT BEEN
SUCCESSFUL. HE SAID EACH TIME NEW ARRANGEMENTS IMPL-
MENTED, IMPORTS FROM OTHER COUNTRIES POURED IN. IN
PAST SIX WEEKS, FOR EXAMPLE, KNITTED TOPS HAD BEEN
ARRIVING FROM EASTERN EUROPE, SOME COUNTRIES OF LATIN
AMERICA AND EVEN GUAM AT RATE MORE THAN TWICE THAT
TEXTILES AUTHORITY HAD ONCE RECOMMENDED AUSTRALIAN
INDUSTRY COULD STAND. IN ADDITION, FOGARTY SAID
PHILIPPINES HAD "BECOME EMOTIONAL" ABOUT RESTRAINTS
PLACED ON EXPORTS OF FILIPINO TEXTILES AND WERE NOW
DISCRIMINATING INFORMALLY AGAINST AUSTRALIAN EXPORTS
TO PHILIPPINES. GOA HAD THEREFORE CONCLUDED GLOBAL
QUOTAS FOR KNITTED TOPS WERE ONLY ALTERNATIVE.

4. TARIFF QUOTAS ON KNITTED TOPS, WHICH INCLUDE
KNITTED GARMENTS SUCH AS JUMPERS, CARDIGANS, T-SHIRTS
AND BLOUSES, WILL GO INTO EFFECT IMMEDIATELY AND WILL
APPLY UNTIL 31 AUGUST 1976. MEANWHILE, ALL ITEMS OF
APPAREL PREVIOUSLY UNDER SELECTIVE COUNTRY-BY-COUNTRY
RESTRAINT WILL BE REFERRED FOR STUDY TO TEXTILES
AUTHORITY WITH REPORT DUE WITHIN SIXTY DAYS. TOTAL QUOTA
WILL BE 12 MILLION UNITS FROM NOW TO 31 AUGUST, WHICH
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REPRESENTS ANNUAL RATE OF 20 MILLION PIECES, QUANTITY
PREVIOUSLY RECOMMENDED BY TA AS FEASIBLE LEVEL OF
IMPORTS. NORMAL RATE OF DUTY WILL BE 35 PERCENT AND VALOREM
WITH ADDITIONAL DUTY APPLICABLE OUTSIDE QUOTA LEVEL OF
A\$12 PER KILOGRAM.

5. FOGARTY SAID THAT AHTHOUGH ACTION DID NOT AFFECT
U.S. EXPORTS (EXCEPT GUAM) AUSTRALIA WISHED TO INFORM

"FRIENDS LIKE US" IN HOPE THAT THEY MIGHT ASSIST GOA IN DEFENSE AGAINST ILL-INFORMED CRITICISM. HE SAID GOA EXPECTED SOME "HEAT" FROM LDCS, AND POSSIBLY EC AND JAPAN. HE REFERRED TO RECENT EMBASSY INQUIRIES WITH RESPECT TO AUSTRALIAN INTENTIONS REGARDING MFA, REPEATING THAT GOA HAD NO INTENTION OF WITHDRAWING. HOWEVER, SHOULD CRITICISM OF PRESENT ACTION REACH SUFFICIENT LEVELS, GOA COULD AGAIN REVIEW QUESTION OF ITS ADHERENCE TO ARRANGEMENT.

6. EMBASSY COMMENT: THIS GOA ACTION HAS OBVIOUSLY BEEN DIVISED TO DEFUSE THE PHILIPPINE-AUSTRALIA ISSUE, UNDER PRESSURE FROM AUSTRALIAN EXPORTERS UPSET BY THE INFORMAL PHILIPPINE IMPORT EMBARGO AGAINST AUSTRALIA. GIVEN THE LIMIT ON THE GLOBAL QUOTA, ANY RELIEF OBTAINED BY THE PHILIPPINES THEREUNDER WILL BE AT THE EXPENSE OF OTHER, PRIMARILY REGINAL, EXPORTERS. THE AUSTRALIAN FEARS OF CRITICISM APPEAR WELL FOUNDED. LEGALLY THE GOA CONTENDS THAT THIS LATEST MOVE CONSISTS SIMPLY OF RAISING THE MFN TARIFF RATE AND GRANTING A GLOBAL BY-LAW CONCESSION TO THE EXTENT OF 12 MILLION GARMENTS FROM THE NEW HIGHER RATE. SINCE THE ITEMS ARE UNBOUND, AUSTRALIA'S POSITION IS THAT IT IS FREE TO DO THIS UNDER THE GATT AND UNDER THE RESERVATION OF NORMAL RIGHTS AND OBLIGATIONS OF GATT IN THE TEXTILE AGREEMENT.

7. ACTION REQUESTED: WE UNDERSTAND DEPARTMENT AND STR ALSO BRIEFED BY AUSTRALIAN TRADE MINISTER SMITH ON THIS DEVELOPMENT. WE SHOULD NEVERTHELESS APPRECIATE WASHINGTON REACTION TO AUSTRALIAN MOVE AS WELL AS GUIDANCE AS TO WHAT, IF ANY, RESPONSE WE SHOULD MAKE TO FOGARTY'S REQUEST FOR U.S. SUPPORT IN AUSTRALIAN DEFENCE AGAINST UNJUSTIFIED CRITICISM.
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HARGROVE

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Message Attributes

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